

Q1 2016



City of Seal Beach Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Seal Beach In Brief

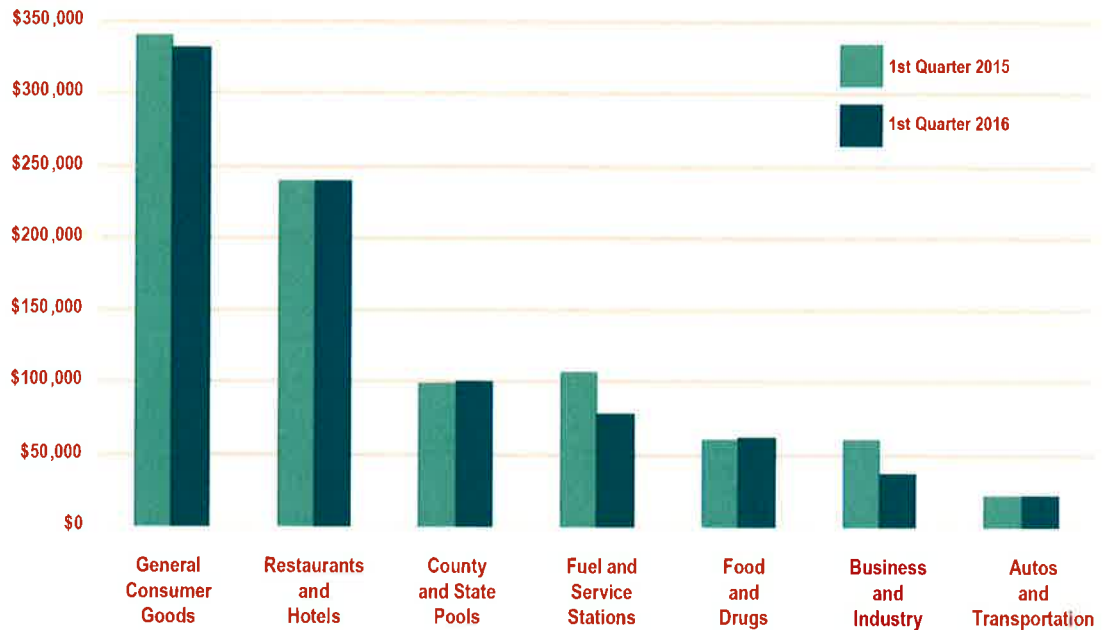
Seal Beach's receipts from January through March were 6.3% below the first sales period in 2015. Excluding reporting aberrations, actual sales were down 4.6%.

A decline in sales and onetime payments that inflated year ago returns caused the drops in the fuel-service station and business-industry sectors. A business close-out reduced receipts from women's apparel stores.

The losses were partially offset by increased sales from grocery stores and a recent addition that helped boost returns from casual dining restaurants.

Net of aberrations, taxable sales for all of Orange County grew 3.1% over the comparable time period; the Southern California region was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

76	Pavilions
Bed Bath & Beyond	Petsmart
Chevron (2)	Roger Dunn Golf Shop
Chick Fil A	Spghettini
CVS	Sprouts
Home Goods	Staples
In N Out Burgers	Target
Islands	Toys R Us
Kohls	Ulta
Marshalls	Walt's Wharf
Mobil (2)	
Old Ranch Country Club	
Original Parts Group	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,815,778	\$3,530,168
County Pool	455,084	444,357
State Pool	2,549	2,636
Gross Receipts	\$4,273,410	\$3,977,162
Less Triple Flip*	\$(1,068,353)	\$(775,351)

*Reimbursed from county compensation fund

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California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

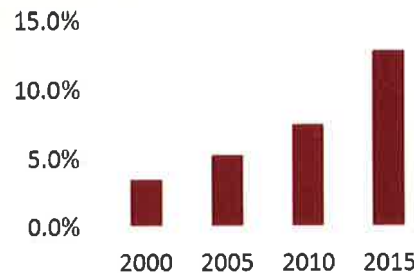
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

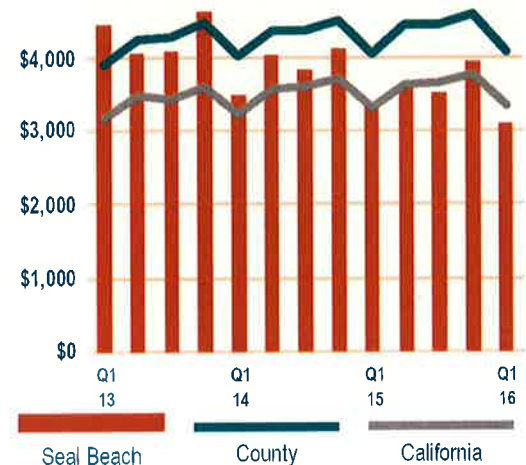
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

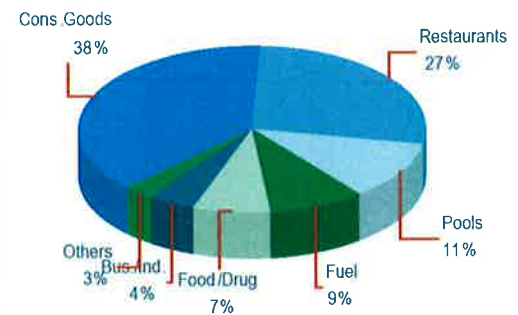
Online General Consumer Goods YOY Percentage Growth



SALES PER CAPITA



REVENUE BY BUSINESS GROUP Seal Beach This Quarter



SEAL BEACH TOP 15 BUSINESS TYPES

Business Type	Seal Beach		County	HdL State
	Q1 '16	Change	Change	Change
Automotive Supply Stores	—	CONFIDENTIAL	6.5%	4.8%
Casual Dining	128,585	-1.0%	5.9%	5.6%
Department Stores	—	CONFIDENTIAL	-7.6%	-4.7%
Discount Dept Stores	—	CONFIDENTIAL	0.9%	-0.3%
Drug Stores	—	CONFIDENTIAL	-0.3%	0.1%
Electronics/Appliance Stores	17,250	4.8%	-2.4%	2.8%
Family Apparel	—	CONFIDENTIAL	2.6%	-0.6%
Fast-Casual Restaurants	29,682	-12.5%	2.5%	2.3%
Fine Dining	—	CONFIDENTIAL	0.9%	7.3%
Grocery Stores Liquor	—	CONFIDENTIAL	4.8%	1.6%
Home Furnishings	51,647	5.2%	7.7%	3.0%
Quick-Service Restaurants	51,916	7.2%	12.2%	6.5%
Service Stations	76,952	-19.2%	-12.3%	-9.4%
Specialty Stores	43,975	2.0%	0.0%	3.5%
Women's Apparel	31,033	-16.1%	-0.3%	-1.7%
Total All Accounts	775,393	-7.2%	2.1%	1.8%
County & State Pool Allocation	100,363	1.3%	11.4%	14.1%
Gross Receipts	875,756	-6.3%	3.0%	3.2%